

## MINUTES OF REGULAR MEETING – JUNE 27, 2005

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Miller at 6:00 p.m., June 27, 2005 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Miller, Swan, Matheis, Reinhart, and Withers (arrived at 6:20 p.m.)

Directors Absent: None

Also Present: General Manager Jones, Acting Director of Engineering Malloy, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Tom Bishop, Mr. Wayne Clark, Mr. Sat Tamaribuchi, Mr. Ergun Bakall, Mr. Jeff Stanart, Mr. Wayne Posey, Mr. Dave Ferguson, and other members of the public and staff.

### WRITTEN COMMUNICATIONS:

President Miller reported that a letter dated June 24, 2005 had been received from The Irvine Company relative to item No. 23 on the agenda (see page 8).

### ORAL COMMUNICATIONS:

Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. She said she understood that currently Wells, 1, 2, 4, 5, 7, 10, 11, 12, 13, 14, 15, 16, 17, 18 and C-8 and C-9 are operational and are being used as demands dictate. It is anticipated that Wells 3 and 6 will be brought on-line after July 1. This was confirmed by Mr. Jones, General Manager of the District.

With respect to the Orange County Basin Groundwater Conjunctive Use Program being coordinated by Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD), the agencies participating are the cities of Anaheim, Westminster, Santa Ana, Buena Park, and Garden Grove, Yorba Linda Water District and Southern California Water Company. Contracts have been awarded by OCWD to Beylik Engineering and Bakersfield Well & Pump, Inc. to construct a total of eight wells. The well drilling is complete and it will take an additional 18 months to complete the wellhead facilities. OCWD is required to have the wells operational by March 2008. Following well construction, each well will be owned by the individual participating agencies. This was confirmed by Mr. Jones.

### PRESENTATION - WATER AWARENESS POSTER CONTEST WINNERS

Six local students were honored for their participation in IRWD's annual Water Awareness Poster and Slogan Contest. Four of the students were selected as winners in the Municipal Water District of Orange County contest and Director Wayne Clark, Director Ergun Bakall and Public Information Manager Michelle Tuchman of MWDOC presented the awards. In addition, two students from Foothill Ranch Elementary were honored as winners in the Metropolitan Water District poster contest for this past year. Director Withers arrived at 6:20 p.m.

ITEMS TOO LATE TO BE AGENDIZED: None

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 18A WERE APPROVED AS FOLLOWS:

4. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the June 3 and June 13, 2005 Board of Directors' meeting be approved as presented.

5. STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file.

6. APPROVAL OF BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: Approve the meetings and events for Mary Aileen Matheis, Peer Swan and John Withers.

7. PLACING NOMINATION OF PEER A. SWAN AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES, REGION 10

Recommendation: That the Board adopt the following resolution by title placing in nomination of Peer A. Swan as a member of the Association of California Water Agencies Region 10.

RESOLUTION NO. 2005 – 16

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA  
PLACING IN NOMINATION PEER A. SWAN AS A MEMBER OF  
THE ASSOCIATION OF CALIFORNIA WATER AGENCIES, REGION 10

8. RESOLUTION CELEBRATING THE 50TH ANNIVERSARY OF CALIFORNIA ASSOCIATION OF SANITATION AGENCIES (CASA)

Recommendation: That the Board adopt the following resolution by title celebrating the 50<sup>th</sup> Anniversary of California Association of Sanitation Agencies (CASA) and its contributions of ensuring clean water for California.

RESOLUTION NO. 2005 – 17

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA  
CELEBRATING THE 50TH ANNIVERSARY OF  
CALIFORNIA ASSOCIATION OF SANITATION AGENCIES (CASA)  
AND ITS CONTRIBUTIONS OF ENSURING CLEAN WATER FOR CALIFORNIA

9. STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

10. SELECTION OF STATE/LOCAL LOBBYIST FOR 2005

Recommendation: That the Board approve a professional services agreement for a term of six months with Isenberg/O'Haren in the amount of \$6,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$42,900, and a professional services agreement for a term of three months with Curt Pringle and Associates in the amount of \$5,000 per month retainer plus reimbursable direct expenses for a total not to exceed \$16,500.

11. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim deed to Irvine Community Development Company.

RESOLUTION NO. 2005 - 18

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT APPROVING EXECUTION OF  
THE QUITCLAIM DEED TO  
THE IRVINE COMMUNITY DEVELOPMENT COMPANY

12. MAY 2005 FINANCIAL REPORTS

Recommendation: Receive and file the treasurer's investment summary report for May 2005, and approve the May 2005 Summary of Wire Transfers and ACH payments in the total amount of \$7,357,737.33, and the May 2005 Warrants Nos. 260412 through 261143 in the total amount of \$8,968,767.32.

13. 2005/06 GENERAL COUNSEL SERVICES FOR BOWIE, ARNESON, WILES AND GIANNONE

Recommendation: That the Board authorize the General Manager to execute the engagement agreement with Bowie, Arneson, Wiles, and Giannone effective July 1, 2005 for general counsel services for a not to exceed amount of \$305,000

14. CONSULTANT SELECTION FOR PREPARING LEGAL DESCRIPTIONS FOR TRANSFER OF THE IRVINE COMPANY FACILITIES

Recommendation: Authorize a budget increase for project 30232 by \$110,000, from \$203,500 to \$313,500; approve an Expenditure Authorization for same amount; and authorize the General Manager to execute a professional services agreement with RBF Consulting for \$93,100 for preparing legal descriptions for the transfer of The Irvine Company (TIC) facilities.

15. WATER, SEWER AND RECLAIMED WATER CAPITAL COST ALLOCATION FOR 2005

Recommendation: That the Board approve the Cost Allocation Tables for 2005 and their application to Capital Projects on a prospective basis.

16. FISCAL YEAR 2005/06 EXPENDITURE AUTHORIZATIONS

Recommendation: Approve Expenditure Authorizations for Planning Reserve FY 2005/06, project 10544 for \$71,500; for the Orange County Sanitation District Capital Outlay Revolving Fund, project 20106 for \$15,068,000; and for the reclaimed water conversions, project 30113 for \$89,100.

17. APPROVAL OF AMENDMENT NO. 3 TO SOCWA'S PC 21 AGREEMENT AND AMENDMENT NO. 7 TO THE PC 24 AGREEMENT

Recommendation: That the Board approve and authorize execution by the District officers Amendment No. 3 to the South Orange County Wastewater Authority PC 21 Agreement and Amendment No. 7 to the PC 24 Agreement.

18. IRVINE RANCH WATER DISTRICT POLICY POSITION PAPERS

Recommendation: That the Board approve the policy positions for Water Conservation, Recognition of Local Agency Investments in Water Conservation, Recycled Water Use Incentives, Sanitary Sewer Overflows, South Orange County Water Reliability, Groundwater Banking/Wheeling, County-Wide Urban Runoff Funding and Governance, Special Districts Reform Legislation, Ocean Desalination, and Fluoridation.

18A. WATER OPERATIONS FY 2005/06 EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations for Projects 10382, 10474, 10706, 10716, 10704, and 30704 in the amounts of \$335,000, \$121,000, \$126,500, \$77,000, \$368,500, and \$143,000.

ACTION CALENDAR

PURCHASE OF IRVINE DESALTER PROJECT SHALLOW GROUNDWATER UNIT SITE

Acting Director of Engineering Malloy reported that staff completed negotiations with The Irvine Company (TIC) for acquiring an 11,856 square foot area for the shallow groundwater unit (SGU) plant as part of the Irvine Desalter Project for the amount of \$225,000 or approximately \$19 per square foot. The site location is southwest of Marine Way on property adjacent to the Navy SGU site that will be constructed on the former Marine Corps Air Station in El Toro. TIC agreed to include the relocatable access easement from Marine Way in the purchase price in exchange for IRWD making every effort to ultimately obtain access to the IRWD site from the Navy's SGU site.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on June 21, 2005.

On MOTION by Withers, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR \$236,300 FOR PROJECT 30450; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE ALL NECESSARY DOCUMENTS FOR THE PURCHASE OF AN 11,856 SQUARE FOOT PARCEL FOR THE IRVINE DESALTER PROJECT SHALLOW GROUNDWATER UNIT SITE FOR \$225,000.

SEWAGE GENERATION FACTORS FLOW MONITORING STUDY EXPENDITURE AUTHORIZATION

General Manager Jones reported that the Sewer Collection System Flow Monitoring project is being implemented as part of the Sewer Collection System Master Plan (SCSMP) update project. Mr. Jones said that Dudek and Associates, the consultant working on the SCSMP, is in the process of completing a flow Monitoring Work Plan. He said that Dudek identified categories of flow monitoring that would be required for the project, including sewage generation factors monitoring, hydraulic model monitoring, infiltration/inflow (I/I) monitoring, and permanent monitoring. Dudek is also completing the Capacity Assurance Plan due to the Regional Water Quality Control Board by July 30. In order to meet the required submittal dates to the Regional Board and keep the SCSMP project on schedule, staff prepared a preliminary flow monitoring plan and requested proposals to install the monitors.

Mr. Jones said that four consulting firms submitted proposals on the preliminary flow monitoring plan, including MGD Technologies, Inc., ADS Environmental Services, SFE Global, and Geotivity. The proposals included a detailed description of the technology to be used for the flow monitoring, a budgetary cost estimate for each of the four flow monitoring categories and a per monitoring event estimate if the final flow monitoring plan had more or less monitoring points than staff estimates. He said that based on these proposals, staff recommends contracting the first phase of monitoring, the Sewage Generation Factors monitoring, with Geotivity. The other phase will be awarded as necessary. Mr. Jones said that installation of the equipment is not considered a professional service so is not included in the recommended motion. He said he has the authority to approve the item.

Director Withers reported that this item was reviewed by the Engineering and Operations Committee on June 21, 2005. Mr. Withers asked staff to make sure that the land use assumptions are the very latest. On MOTION by Withers, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION FOR \$253,000 WAS APPROVED TO COMPLETE FLOW MONITORING TO SUPPORT THE DEVELOPMENT OF SEWAGE GENERATION FACTORS AND SEWER COLLECTION SYSTEM MASTER PLAN HYDRAULIC MODEL, PROJECT 20406.

NORTHERN SPHERE AREA PROJECTS - BUDGET ADJUSTMENTS AND EXPENDITURE AUTHORIZATIONS

General Manager Jones said that staff recommends approval of Variance No. 1 with The Keith Companies for \$49,780 for construction phase services for the Jeffrey Road Trunk Sewer. He

said that staff also recommends the approval of budget increases and expenditure authorizations for the project.

Acting Director of Engineering Malloy reported that The Irvine Community Development Company (ICDC) is administering the construction contracts for the Northern Sphere development, including the IRWD Capital Facilities that are covered by the Supplemental Reimbursement Agreement previously approved by the Board in 2003. There have been several contracts awarded by ICDC for the various stages of construction. Sukut Construction was awarded a contract for the Jeffrey Road and Trabuco Road capital facilities. KEC Construction was awarded a contract to construct the Jeffrey Road and Irvine Boulevard capital facilities. He said that several change orders have been approved throughout the course of construction. Principal Engineer Stanart reported that due to the large number of projects being constructed concurrently, IRWD awarded a Construction Program Management contract to The Keith Companies (TKC) to provide support on the northern sphere projects. TKC provided additional construction support services for the Jeffrey Road Trunk Sewer as a result of numerous pipeline tunneling complications. Pipeline installation difficulties resulted in additional surveying efforts, redesign of sewer alignment and traffic control, and increased coordination with the contractor and City of Irvine. He said that staff recommends the approval of Variance No. 1 with The Keith Companies for \$49,840 for additional construction phase services. Mr. Stanart then described change orders for Suket construction relative to the Jeffrey Road and Trabuco facilities. He further described change orders required with KEC Construction for the Jeffrey Road and Irvine Boulevard facilities.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on June 21, 2005. On MOTION by Withers, seconded and unanimously carried, THE FISCAL YEAR 2004/05 CAPITAL BUDGET WAS INCREASED FOR PROJECT 10454 BY \$456,500, FROM \$2,568,500 TO \$3,025,000, AND FOR PROJECT 20454 BY \$972,400, FROM \$2,938,100 TO \$3,910,500; AND EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECT 10454 FOR \$1,161,600, PROJECT 10457 FOR \$337,900, PROJECT 20454 FOR \$1,569,700, PROJECT 20457 FOR \$229,800, PROJECT 30454 FOR \$610,000, AND PROJECT 30457 FOR \$164,000; AND VARIANCE NO. 1 WAS APPROVED WITH THE KEITH COMPANIES FOR \$49,840 FOR THE JEFFREY ROAD TRUNK SEWER, PROJECT 20331.

#### PLANNING AREA 6 ZONE 6 AND D RESERVOIRS – DESIGN ENGINEER SELECTION

General Manager Jones reported that staff recommends awarding a professional services agreement to Daniel Boyle Engineering for design of the Planning Area (PA) 6 Zone 6 and D Reservoirs. Mr. Jones said that the PA 6 development is located north of the former Marine Corps Air Station (MCAS) El Toro, south of the 241 Toll Road, west of the 133 Toll Road, and east of the Natural Communities Conservation Plan Nature Reserve. The Zone 6 Reservoir (2.5 MG) and the Zone D Reservoir (0.66 MG) are required for first occupancy of homes in PA 6 Phase 2 which is currently scheduled for October 1, 2007.

Acting Director of Engineering Malloy reported that staff received proposals from Daniel Boyle Engineering (DBE), PBS&J, Tetra Tech, and Tettermer & Associates. Mr. Malloy said that DBE and Tetra Tech appear to be the best qualified to do this work for a total contract amount of \$442,073. Mr. Malloy noted that the four proposals varied greatly in the number of

final design sheets (from 58 to 100 sheets) and in the proposed budget for preliminary and final design (from \$301,000 to \$459,000). Staff recommends that DBE be awarded the professional services agreement since their design approach, schedule, and man-hours are consistent with the project goals.

Director Withers said that this item was reviewed at the Engineering and Operations Committee on June 21, 2005. He said there was a wide disparity in the proposals and commended staff on their efforts. Director Swan said he had concerns on the tank size due to the current density proposed in the Great Park area. Mr. Jones said that staff will submit an item to Committee relative to land use assumptions and also perform a sensitivity study. On MOTION by Withers, seconded and unanimously carried, EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR \$265,800 FOR PROJECT 10426 AND \$255,300 FOR PROJECT 30180; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH DANIEL BOYLE ENGINEERING FOR \$442,073 FOR ENGINEERING SERVICES FOR THE PLANNING AREA 6 ZONE 6 RESERVOIR AND ZONE D RESERVOIR, PROJECTS 10426 AND 30180.

#### PROPOSED FISCAL YEAR 2005-06 OPERATING BUDGET AND CHANGES TO THE SCHEDULE OF RATES AND CHARGES

General Manager Jones reported that the proposed Fiscal Year 2005-06 Operating Budget has been reviewed by the Finance and Personnel Committee on three occasions and by this Board at two workshops. Mr. Jones said that staff recommends adoption of the proposed budget in the amount of \$81.1 million and adoption of the proposed changes to the Schedule of Rates and Charges required to fund operating expenses identified in the Proposed Fiscal Year 2005-06 Operating Budget. He noted that changes to the Schedule of Rates and Charges would be adopted in Agenda Item No. 24.

Mr. Jones reported that the proposed budget includes cost increases of \$5.7 million over the current year, reflecting customer growth and increases in uncontrollable and controllable costs necessary to maintain the current high level of service and supply reliability. He said the proposed changes to the Schedule of Rates and Charges address the budget needs as well as funding the elimination of replacement funds and non-operating revenues used to augment operating revenues.

The Proposed Fiscal Year 2005-06 Operating Budget and proposed changes to the District's Schedule of Rates and Charges includes cost increases of \$5.7 million over the Fiscal Year 2004-05 Consolidated Operating Budget; provides \$3.2 million to fund net increases to the treated water, untreated water, and sewer systems; provides \$5.7 million to fund the elimination of replacement fund and non-operating revenue transfers to the treated water, untreated water and sewer systems; Increases the commodity rate for treated water by \$.05/ccf; increases the residential monthly fixed charge for treated water by \$1.55, and by the proportionate percentage for all non-residential customers; increases the residential monthly fixed charge for sewer service by \$1.65, and by the proportionate percentage for all non-residential customers; and provides for proportionate increases to other customer classes.

Director Swan reported that this item was reviewed by Committee and at Board workshops. President Miller thanked staff for a thorough process in reviewing this year's operating budget. He further noted the letter from Mrs. Robyn Uptegraff of The Irvine Company dated June 24, 2005 noting that they understand that the proposed connection fee and property tax increases are based largely upon the need to address the loss of \$19.5 million property tax revenues due to State action. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2005-19

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA, APPROVING THE DISTRICT'S OPERATING BUDGET FOR FISCAL YEAR 2005-06 AND DETERMINING COMPLIANCE WITH ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

*(Note: Changes to the Schedule of Rates and Charges are adopted in the following agenda Item)*

ADJUSTMENTS TO CONNECTION FEES AND PROPERTY TAXES FOR FISCAL YEAR 2005-06

General Manager Jones reported that staff recommends increasing connection fees by approximately 23.5% in most water and sewer improvement districts; and establishing a tax rate within most water and sewer improvement districts of approximately \$.02 per hundred dollars of assessed value, land only. These recommended changes are proposed to become effective July 1, 2005.

Director Swan reported that this item has been reviewed by the Finance Committee on several different occasions over the past 18 months, most recently at its regular meeting on June 7, 2005. President Miller thanked Mr. Tamaribuchi of The Irvine Company on their cooperative approach. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTIONS WERE ADOPTED BY TITLE:

RESOLUTION NO. 2005-20

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA, RESCINDING RESOLUTION NO. 2004-51 AND ADOPTING CHANGES TO THE SCHEDULE OF RATES AND CHARGES AS SET FORTH IN "EXHIBIT "B" TO THE RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT FOR WATER, SEWER, AND RECLAIMED WATER SERVICE AND EXHIBITS THERETO

RESOLUTION NO. 2005-21

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA ESTABLISHING AD VALOREM TAX RATES FOR FISCAL YEAR 2005-06



## GENERAL MANAGER'S REPORT

General Manager Jones reported on the receipt of the pre-draft of Stetson's report on the allocation of Irvine Lake water. He said that the final report will be reviewed by the Ad Hoc Committee, and they will be providing a recommendation. He further reported on the Great Park Stakeholders meeting in June which was attended by Mr. Mike Hoolihan and Director Swan.

## DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at the Urban Water conference on desalination.

Director Withers reported that he would be in Sacramento tomorrow attending a CA EPA meeting.

Director Swan also reported on his attendance at the Great Park meeting and noted that several hundred individuals attended, and that there was consensus on what was wanted in the park. He reminded the Board that the Clark Prize event is scheduled for July 7. He reported on his attendance at a tour of Crystal Cover State Park with the Crystal Cover Alliance. He said he would like to have an IRWD presence there. He thanked the Board for its support on the ACWA Region 10 nomination.

Vice President Matheis reported on her attendance at the Urban Water conference.

President Miller reported on his attendance at the Landscape Task Force meeting last week. He said that the District is a perfect example of what to do right. He reported on his interview by the BBC relative to democracy in our local government.

Director Swan further mentioned his attendance at a water dialog group meeting.

## CLOSED SESSION

President Miller said that a Closed Session would be held with legal counsel relative to anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case).

## OPEN SESSION

The meeting was reconvened with Reinhart, Swan, Miller, and Matheis present (Withers was present for initial portion of Closed Session only). President Miller stated that there was no reportable action.

## ADJOURNMENT

There being no further business, President Miller adjourned the meeting at 9:00 p.m.

APPROVED and SIGNED this 11th day of July, 2005.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone